

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member - Environment
Date:	7 September 2010
Title:	Community Transport for East Hampshire
Reference:	2009
Report From:	Director of Environment

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1. Executive Summary

1.1. The purpose of this report is to seek authorisation to undertake a procurement process and award a contract for the community transport services which are currently operated by Community Transport for East Hampshire (CTEH).

1.2. This paper seeks to:

- (i) outline the background to the current situation with regard to the services provided by CTEH;
- (ii) propose arrangements for the procurement process;
- (iii) consider the issues concerning the transfer of the vehicles from the existing operator to a new operator;
- (iv) consider the finance for the project and the impact on the budget; and
- (v) set out the need for an interim arrangement to allow the procurement process to be completed.

2. Background and Contextual information

2.1. CTEH is a not-for-profit community transport operator that operates five minibuses which are available for hire to local voluntary and community groups and used to provide a district-wide service in East Hampshire. This is a cost-effective arrangement which deters individual groups from buying their own minibuses, many of which would be under-used. Hampshire County Council provides support to CTEH by means of a single tender contract.

CTEH is a project of a larger Hampshire-wide organisation, Community Action Hampshire (CAH) which wishes to divest itself of CTEH by 31 December 2012. There is therefore a need to consider the future of this scheme and the other two services it provides for the County Council under contract: East Hampshire Call & Go and the Denmead Shopper.

- 2.2. It is important to maintain the services that CTEH provides, as they make a valuable contribution to well-being and help to reduce isolation in rural areas.
- 2.3. In 2007 it was agreed that support for community transport schemes could no longer be under service agreements; future support would need to be through grants or contracts. Single tender contracts were agreed for group hire minibus schemes such as this, where operated by a Council of Voluntary Service (CVS), whilst most dial-a-ride and Call & Go schemes were put out to tender.
- 2.4. The single tender criteria for group hire minibus schemes are quite restrictive; if CTEH was to become an independent organisation it would not meet the criteria and would be unlikely to meet them if part of another organisation unless this was the local CVS. In this particular situation the local CVS has indicated that it does not wish to take on the CTEH operation. Therefore, in order to maintain these services, a procurement process needs to be put in place.

3. Current Contracts and Procurement Arrangements

- 3.1. CTEH currently holds three County Council contracts, for the group hire minibus scheme itself and two service contracts: East Hampshire Call & Go and the Denmead Shopper. There are contributions to the overall cost from funding partners, primarily East Hampshire District Council. Further information about these contracts is included in Confidential Appendix 1 to this report.
- 3.2. Discussions are currently taking place with the funding partners with the aim of confirming their continued contributions; the final tender value will be determined dependent upon the results of these discussions.
- 3.3. The concessionary bus pass can be used on some of the services provided by CTEH. If the new Hampshire scheme does not allow for this arrangement to continue then the income accrued from this would be recovered from the user and should not alter the contract price. This change could have an impact on usage.
- 3.4. It is proposed that CTEH and the services it provides under contract be tendered as a single package; one competitively tendered contract containing all three services. This will make it more attractive to potential bidders and is likely to obtain best value for the County Council and its funding partners, as the Call & Go contract income helps to underpin the finances of the group hire scheme.

- 3.5. Tenders will be assessed on price and quality, on a 60:40 basis, as used for the dial-a-ride tenders. Similarly, in order to manage price, the available budget will be declared in the tenders and any tenders in excess of the budget will not be evaluated.
- 3.6. The law requires that group hire minibus schemes can only be operated by not-for-profit organisations so the tendering process will only be open to these 'third sector' organisations. Although several organisations have expressed an informal interest in CTEH, it currently makes a loss (approximately £7,000 in 2009/10). Tenderers will therefore be asked to indicate how they will ensure the future viability of the scheme.
- 3.7. CAH has indicated that TUPE (the Transfer of Undertakings Protection of Employees regulations) will apply to the staff who currently work at CTEH. This may have implications if a tenderer proposes to integrate CTEH with its own organisation.
- 3.8. A two year contract is proposed, with possible extension by up to three months. This length of contract will provide some security for a new operator to invest in the services and also offers the scope for the arrangements for individual services to be amended as future requirements dictate. The contract will also include requirements that are being incorporated in new single tender contracts for other group hire minibus schemes, on matters such as branding, the benchmarking tool and preparing for contract work.
- 3.9. Clearly, the award of a new contract will be dependent on continued contributions from funding partners, especially East Hampshire District Council. Confirmation is currently being sought.

4. Vehicles

- 4.1. The five minibuses operated by CTEH are owned by CAH. The County Council has a significant financial interest in four of these vehicles, as grants were provided when they were purchased. CAH has stated that the book value of its stake in the vehicles is approximately £15,000. CAH would require payment if the County Council wishes to take full ownership of the vehicles in order to include them as part of the contract (as is the case with the tendered contracts for the larger dial-a-ride schemes).
- 4.2. There are a number of options available to secure vehicles for provision to the future contractor. These include:
 - (i) purchasing CAH's share of the existing vehicles. Negotiation will be required as the £15,000 book value appears to be higher than the current market value;
 - (ii) redeploying a County Council owned vehicle if a vehicle which is surplus to requirements can be identified; or

- (iii) purchasing other vehicles, which could include a charity-owned vehicle currently used by Basingstoke Dial-a-Ride and available at reasonable cost.
- 4.3. If a decision is taken not to purchase all (or any) of the CAH-owned vehicles, they will be sold and the County Council will receive a share of the proceeds, as specified in the conditions attached to the original grants. It is proposed that officers be authorised to evaluate the options and make arrangements to secure ownership of five vehicles, at a net additional cost of no more than £15,000.
- 4.4. These vehicles will need replacement in the future although this is not anticipated during the life of the proposed contract. Unlike most dial-a-ride schemes, where funding for vehicle replacement is accrued in a reserve account, there are no funds available to replace the CTEH vehicles and investigation of potential funding sources will be required. Alternatively, the scale of operation will have to be progressively reduced as vehicles reach the end of their economic lives and are taken out of service.

5. Option Options Considered

- 5.1. Maintaining and developing the services provided by CTEH contributes towards maximising well-being. Identifying a new operator for the community transport services currently provided by CTEH, at the current value for these contracts, will enable these services to be maintained and developed and contribute towards the well-being agenda.
- 5.2. A number of other options have been considered and rejected. One option would be not to contract any of these services. However, not providing any financial support through a contract would leave these services with a significant shortfall in their finances and this would almost certainly result in the majority of the transport currently provided by CTEH being terminated. Without any offer of financial support then interest is unlikely from any other potential operators.
- 5.3. The three services currently operated by CTEH could be tendered separately instead of as part of one contract. This may be less attractive to potential new operators and could potentially increase the overall cost to the County Council, as without income from the Call & Go contract the viability of CTEH would be undermined, the contract for CTEH would be less attractive to potential bidders and either overall costs would increase or the level of service would be reduced.
- 5.4. Grant funding was considered and rejected. Where services are being procured, with detailed specifications, as in this case, contracts must be used; grants are not appropriate.

6. Interim Contract

- 6.1. The existing single tender contract with CAH for the operation of the CTEH group hire minibus scheme ends on 30 September 2010. CAH is willing to continue to operate the CTEH contracts at the current prices until 31 December 2010 to enable the tendering process to take place and allow an ordered handover to the new contractor. It is therefore proposed to award an interim three month single tender contract to CAH. This is subject to the agreement of East Hampshire District Council and the required match funding.

7. Recommendations

- 7.1. That the community transport services currently operated by Community Transport for East Hampshire be competitively tendered and that a two year contract be awarded, with possible extension by up to three months.
- 7.2. That the arrangements for the procurement process as set out in Section 3 of the report be agreed.
- 7.3. That expenditure of up to £15,000 be agreed to secure County Council ownership of five vehicles to be used by the new contractor.
- 7.4. That a three month single tender contract be awarded to Community Action Hampshire for the continued operation of the community transport services provided by Community Transport for East Hampshire for the period from 1 October 2010.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	no
Corporate Improvement plan link number (if appropriate):	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. The proposals in this report seek to improve accessibility and community involvement for hard to reach and disadvantaged members of the community.

2. Impact on Crime and Disorder:

- 2.1. Most schemes offer transport for youth groups and support wider community involvement.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

Use of demand responsive and group transport reflects user requirements and reduces need for individual car journeys.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Introduction of newer vehicles allows the latest emission standards to be met.